

## Message Text

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ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 SP-02 USIA-06 AID-05 NSC-05  
TRSE-00 SS-15 STR-05 OMB-01 CEA-01 L-03 IO-13  
OES-07 PRS-01 PA-01 COME-00 AGRE-00 /084 W  
-----114796 071649Z /53

R 071412Z NOV 77  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 1336

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E.O.11652: NA  
TAGS: EFIN, EGIN, EG  
SUBJ: PRESS COVERAGE IMF REVIEW AND GOE ASISTANCE

REF: CAIRO 18127

1. AL AHRAM REPORTED NOVEMBER 6 THAT IMF AND GOE HAVE REACHED AGREEMENT ON TERMS OF AN EXTENDED CREDIT FACILITY TO BEGIN NEXT MARCH, AT END OF PRESENT ONE YEAR STANDBY ARRANGEMENT. EXTENDED FACILITY REPORTEDLY IS TO PROVIDE \$600 MILLION TO COVER SHORT TERM DEFICITS IN BALANCE OF PAYMENTS ACCOUNT. IMF, ACCORDING TO BOTH ENGLISH AND ARABIC LANGUAGE PRESS, IS PLEASED WITH EGYPTIAN PERFORMANCE  
ON CLEARING UP ARREARS AND CONTROLLING DOMESTIC CREDIT. DIRECTOR OF IMF MISSION, NOW DEPARTED FROM CAIRO, ALSO REPORTEDLY TOLD DEPPRIMIN KAISOUNI THAT PRESENT POLICIES WOULD CONTINUE TO IMPROVE ECONOMY AND AID IN RATIONALIZATION OF INHERENT PROBLEMS. PRESS FURTHER COMMENTED THAT IMF SAW SUCCESSFUL SALE OF GOE DEVELOPMENT BONDS IN SECOND QUARTER OF YEAR AS CLEAR INDICATION OF INCREASING INVESTOR CONFIDENCE IN EGYPTIAN ECONOMY.

2. ACCORDING AL AHRAM, DEPPRIMIN KAISOUNI INFORMED IMF THAT GOE INTENDS TO CLOSE ALL ITS "CLEARING ACCOUNT AGREEMENTS," WHICH WOULD AFFECT TRADE AGREEMENTS WITH USSR, EASTERN BLOC COUNTRIES AND MALI.  
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ACTION, ACCORDING TO PRESS, WOULD CONTRIBUTE TO RATIONALIZATION OF GOE TRADE ACCOUNT AND FREE GOE EXPORTS COMMITTED UNDER AGREEMENTS FOR HARD CURRENCY SALES.

3. ARTICLES IN ALL PAPERS REPORTED IMF HAD NOTED GOE'S ENHANCEMENT OF BALANCE OF PAYMENTS POSITION THROUGH JUDICIOUS CONTROL OF IMPORTS AND CAREFUL USE OF FIRST TRANCHE OF GOE MONIES. ACCORDING

TO AHRAM'S ACCOUNT, DEPPRIMIN KAISSOUNI TOLD IMF DIRECTOR THAT HE AND GODE EXEC DIR DUKHEIL HAD REACHED AGREEMENT THAT \$550 MILLION OF SECOND TRANCHE WOULD BE USED TO COVER IMPORTS OF CAPITAL AND INTERMEDIATE GOODS. REMAINDER OF SECOND TRANCHE OF GODE FUNDS (\$100 MILLION) WOULD BE USED FOR WHEAT IMPORTS IN LAST QUARTER OF CURRENT YEAR.

4. COMMENT AND FURTHER DETAIL FOLLOW. SEE REFTEL FOR VIEWS OF IMF TEAM AS EXPRESSED BY ONE MISSION MEMBER.

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## Message Attributes

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**Disposition Date:** 22 May 2009  
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